

Michigan Finance Authority

- Created by Executive Order in May 2010
- Combined the power and duties of several authorities including the former Michigan State Hospital Finance Authority
- Operated by a Board of Directors
- Housed within the Department of Treasury
- Offers low cost competitive financing

Michigan Finance Authority Overview

The MFA provides financing for a broad range of borrowers with programs for:

- Municipalities
- Public, private, and charter schools
- Healthcare providers
- Private non-profit colleges and universities
- Loans to college students

Other 'as needed' bonding functions of the MFA include:

- Tobacco revenue securitization
- Private non-profit K-12 school facilities
- Underground storage tank financing assistance
- State land bank
- Forest finance

MFA Staff Resources

- The Bureau of Bond Finance coordinates the preparation of transactions to be considered by the MFA while ensuring program requirements are met and borrowers receive the lowest cost of funds.
- Finance team members:
 - Assist borrowers in selecting a financing plan
 - Coordinate application process
 - Perform financial reviews
 - Work with the Attorney General's office, Michigan Department of Community Health, bond counsel, underwriters, financial advisors, and bond trustees
 - Review documents
 - Ensure sufficiency of pledged revenues and loan security
- The Bureau of Bond Finance also provides ongoing program and borrower support.

Michigan Finance Authority Health Care Programs

- Governed by the Hospital Finance Authority Act of 1969
- Purpose is to lend money to non-profit hospitals and health care providers
- Provide access to capital markets at competitive interest rates
- Issue bonds and loan the proceeds to healthcare institutions

Michigan Finance Authority Healthcare Programs

- Eligible borrowers include:
 - Private, non-profit hospitals
 - Acute care, teaching, specialty, rehabilitation, and psychiatric hospitals
 - Healthcare clinics including federally qualified health centers
 - Diagnostic facilities
 - Critical access hospitals
 - Multi-site health systems
 - Public hospitals (City, County, or Authority) – as of October 6, 2008 per P.A. 294 of 2008

Certificate of Need

- All healthcare projects financed through MFA must either have a Certificate of Need (CON) or a waiver from the Michigan Department of Community Health stating a CON is not required for the project.
- Under P.A. 38 of 1969, the MFA cannot grant final loan approval until a proposed project has received either a CON or waiver.
- The MFA provides access to capital and relies on the Department of Community Health's CON process for detailed project review and approval.
- Intent to use bond financing for project costs must be included in the CON.

Use of Bond Proceeds

- Acquisition of property, plant, equipment
- Refinancing or refunding of indebtedness
- Project costs
- Costs of Issuance
- Debt Service Reserve Fund
- Capitalized Interest

Rating Agency Credit Scale--Long Term Bonds

	Moody's	S&P	Fitch	Description
Investment Grade	Aaa	AAA	AAA	Prime, Maximum Safety
	Aa1	AA+	AA+	High Grade, High Quality
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	Upper Medium Grade
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Lower Medium Grade
	Baa2	BBB	BBB	
	Baa3	BBB-	BBB-	
Non Investment Grade	Ba1	BB+	BB+	Speculative Elements
	Ba2	BB	BB	Speculative
	Ba3	BB-	BB-	
	B1	B+	B+	Highly Speculative
	B2	B	B	
	B3	B-	B-	
	Caa1	CCC+	CCC	Substantial Risk
	Caa2	CCC	-	In Poor Standing
	Caa3	CCC-	-	
	Ca	-	-	Extremely Speculative
	C	-	-	May be in Default
	-	-	DDD	Default
	-	-	DD	
	-	D	D	

